



COLLIERVILLE MIDDLE SCHOOL BAND BOOSTERS

Comptroller's Investigative Report
November 28, 2017

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS**

**Justin P. Wilson
Comptroller of the Treasury**

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NASHVILLE, TENNESSEE 37243-1402
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November 28, 2017

Collierville Middle School Band Boosters
580 Quinn Road
Collierville, TN 38017
and
Superintendent and Members of the Board of Education
Collierville Schools
146 College Street
Collierville, TN 38017

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Collierville Middle School Band Boosters and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

COLLIERVILLE MIDDLE SCHOOL BAND BOOSTERS

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Collierville Middle School Band Boosters (band boosters). The Comptroller's Office initiated the investigation after Collierville Schools officials reported receiving suspicious band booster bank records from the former band director.

INVESTIGATIVE RESULTS

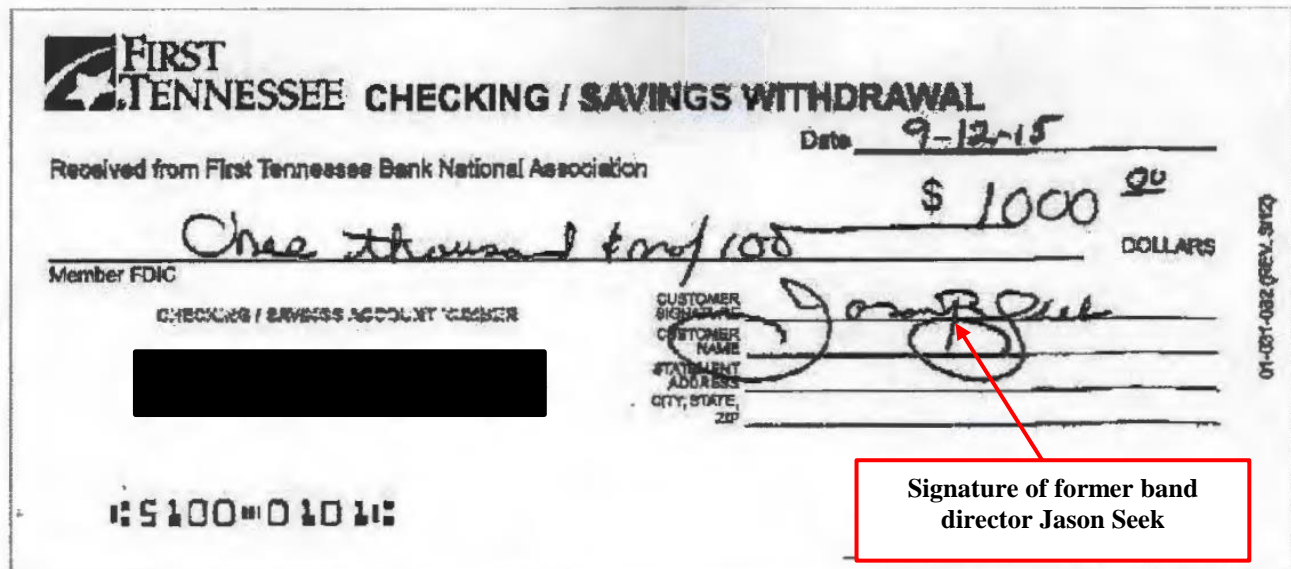
- Former Collierville Middle School band director misappropriated band booster funds totaling at least \$133,064**

The investigation revealed that during the period December 2011 through November 2016, former Collierville Middle School band director Jason Seek misappropriated band booster funds totaling at least \$133,064. Former band director Seek employed various schemes to perpetrate his misappropriation of band booster funds and retained the funds for his personal benefit as discussed below.

Fraudulent Over-the-Counter Cash Withdrawals

Former band director Jason Seek obtained cash totaling at least \$89,476 from the band booster account for his personal benefit by personally signing the customer signature portion of at least 153 over-the-counter manual cash withdrawal slips at the bank. **(Refer to Exhibit 1 for example.)** Investigators noted that many of these withdrawals were deposited, in whole or in part, in Seek's personal checking account on the same day or on the following business day.

Exhibit 1



FIRST TENNESSEE CHECKING / SAVINGS WITHDRAWAL
 Received from First Tennessee Bank National Association
 Date 9-12-15
 \$ 1000 ⁰⁰ DOLLARS
 One thousand & no/100
 Member FDIC
 CHECKING / SAVINGS ACCOUNT NUMBER
 CUSTOMER SIGNATURE Jason B. Seek
 CUSTOMER NAME
 STATEMENT ADDRESS
 CITY, STATE, ZIP
 01-031-032 (REV. 3/12)

Signature of former band director Jason Seek

Fraudulent Electronic Cash Withdrawals

Former band director Jason Seek obtained cash totaling at least \$25,854 from the band booster account for his personal benefit by making at least 139 electronic cash withdrawals via ATM and point-of-sale debit transactions. **(Refer to Exhibit 2 for examples.)** Most of these transactions occurred in gambling establishments located in Robinsonville, Mississippi. Investigators noted additional transactions that occurred at gambling establishments in Biloxi and D'Iberville, Mississippi; in West Memphis and Hot Springs, Arkansas; and in Las Vegas, Nevada. Overwhelmingly, these transactions occurred on dates coinciding with weekends or observed school holidays or breaks.

Fraudulent Debit Charges

Investigators noted that former band director Seek made multiple personal point-of-sale and online debit charges totaling at least \$881 via the band booster debit card, including charges to two online gaming vendors. **(Refer to Exhibit 2 for examples.)**

Bank Fees Incurred as a Result of Multiple Fraudulent Transactions

Former band director Seek's repeated use of the band booster debit card for fraudulent personal transactions at various ATMs caused the band booster account to incur withdrawal fees, balance inquiry fees, and excess transaction fees totaling at least \$650. **(Refer to Exhibit 2 for examples.)**

Exhibit 2

CMB BAND BOOSTERS			
LAKELAND TN 38002-4733			
		PAPER ITEM CNT:	6
0101		10/30/15	E 1
EM		PAGE	1
CHECKING ACCOUNT SUMMARY		BALANCE OF YOUR FUNDS	
LAST STATEMENT DATE 09/30/15		PREVIOUS BALANCE	
7 DEPOSITS TOTALING		\$2,059.62	
52 WITHDRAWALS TOTAL		\$3,418.00	
NEW BALANCE		\$4,586.95	
CHECKING ACCOUNT		\$890.67	
DATE	AMOUNT	DESCRIPTION	
10/02	1,155.00	DEPOSIT	0502-6213
10/02	93.18	PURCHASE - AMAZON MKTPLAC	4692-68J0
		AMZN.COM/BILL WA	
		DATE 09/30 REF # 24692168J0067792Q	
10/05	2.00	FOREIGN ATM WITHDRAWAL FEE	5527-2079
10/05	2.00	FOREIGN ATM WITHDRAWAL FEE	5527-2075
10/05	2.00	FOREIGN ATM WITHDRAWAL FEE	
10/05	2.00	FOREIGN ATM WITHDRAWAL FEE	
10/05	2.00	FOREIGN ATM WITHDRAWAL FEE	
10/05	106.00	WITHDRAW PULSE 9040 10/03	
10/05	106.00	1010 CASINO CENT ROBINSONVILL MS	
10/05	106.00	WITHDRAW PULSE 9040 10/03	
10/05	106.00	1010 CASINO CENT ROBINSONVILL MS	
10/05	106.00	WITHDRAW PULSE 9040 10/03	
10/05	106.00	1010 CASINO CENT ROBINSONVILL MS	
10/05	106.00	WITHDRAW PULSE 9040 10/03	
10/05	106.00	1010 CASINO CENT ROBINSONVILL MS	
10/05	47.20	POS DB - ANTIQUE WA 9160 10/04	
10/13	270.00	ANTIQUE WAREHOUS MEMPHIS TN	
10/13	350.00	DEPOSIT	5527-2084
10/13	2.00	MISC. DEBIT	0504-2593
10/13	206.00	FOREIGN ATM WITHDRAWAL FEE	0584-2601
10/13		WITHDRAW PULSE 9040 10/10	5533-6523
10/13		1010 CASINO CENT ROBINSONVILL MS	
10/13	19.99	PURCHASE - GSN GAMES	
		877-331-7889 MA	
10/13	19.99	DATE 10/12 REF # 24492158XS0P34XNL	
		PURCHASE - GSN GAMES	
		877-331-7889 MA	
10/13	19.99	DATE 10/12 REF # 24492158XS0P39JTW	
		PURCHASE - GSN GAMES	
		877-331-7889 MA	
		DATE 10/12 REF # 24492158XS0P3AJZ4	

Fraudulent electronic withdrawals and related fees

Fraudulent debit card charges to online gaming vendor

Fraudulent Electronic Payments for Personal Benefit

Former band director Jason Seek initiated numerous electronic transactions and e-checks totaling at least \$12,230 from the band booster account to pay his personal loans and expenses. **(Refer to Exhibit 3 for examples.)**

Exhibit 3

CHECKING ACCOUNT SUMMARY	BALANCE OF
LAST STATEMENT DATE 04/30/14	YOUR FUNDS
PREVIOUS BALANCE	\$847.84
5 DEPOSITS TOTALING	\$1,550.00
9 WITHDRAWALS TOTAL	\$1,624.15
NEW BALANCE	\$773.69

CHECKING ACCOUNT

DATE	AMOUNT	DESCRIPTION
05/05	190.00	WITHDRAWAL -REPUBLICFINANCE PAYMENT [REDACTED]
05/12	85.00	DEPOSIT
05/13	265.00	MISC. DEBIT
05/15	45.00	DEPOSIT
05/19	315.00	DEPOSIT
05/20	700.00	DEPOSIT
05/20	300.00	MISC. DEBIT
05/21	188.72	WITHDRAWAL -MLGW UTILITY PMT EPAY [REDACTED]
05/21	170.00	WITHDRAWAL -SPNG FIN WEB PAY LOAN W-PAY [REDACTED]
05/27	405.00	DEPOSIT
05/28	200.00	MISC. DEBIT

5663-7977

0513-6644

0547-1832

0502-0090

0544-5811

0514-2546

0565-3823

Electronic
payment of
personal
utility account

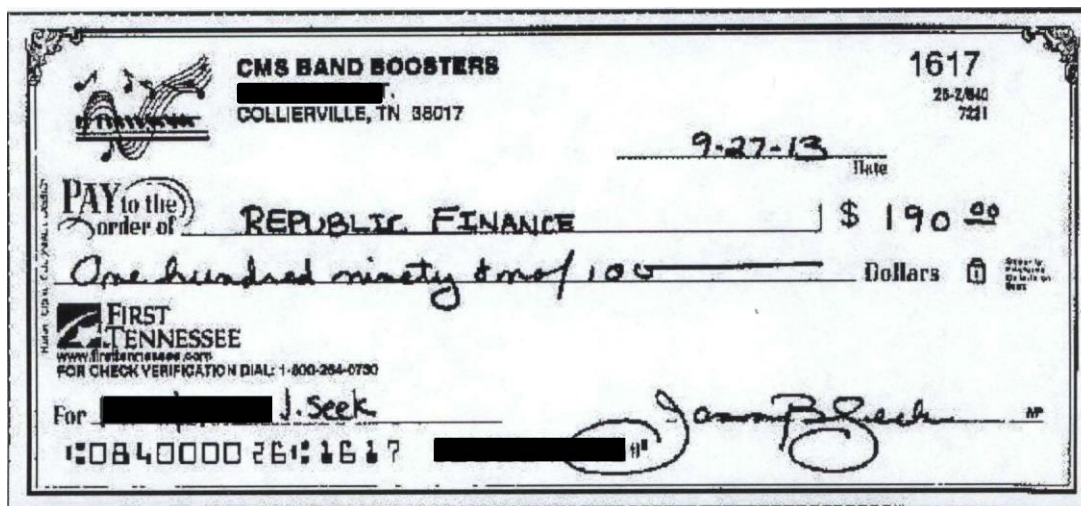
Electronic
payments of
personal loans

Electronic payments of personal loans

Fraudulent Checks

Former band director Jason Seek transacted band booster checks totaling at least \$2,873 for his personal benefit. Seek provided a fabricated invoice to a former band booster treasurer to obtain a reimbursement check to which he was not entitled. Additionally, Seek issued and transacted checks from the band booster account to pay his personal loans. **(Refer to Exhibit 4 for example.)**

Exhibit 4



Fraudulent Transfers to Personal Account

Investigators noted that former band director Seek transferred funds totaling at least \$1,100 from the band booster account to his personal account. **(Refer to Exhibit 5 for example.)**

Exhibit 5

12/17	111.00	DEPOSIT		6000
12/20	80.00	DEPOSIT		4584
12/20	400.00	MISC. DEBIT		3602
12/27	1,600.00	MISC. DEBIT		3607
12/31	800.00	TRANSFER TO	XXXXXXXXXXXX	0568-8386
				A-N---073

Jason Seek's
personal bank
account

• Former band director falsified documents and signatures to conceal his misappropriation

The investigation revealed that former band director Jason Seek created at least 13 false bank statements, omitting or altering electronic transactions and checks to conceal his misappropriation of funds from the band boosters. **(Refer to Exhibits 6 and 7 for Comparative Statements.)** Seek removed his signature from imaged checks shown on the false bank statements and, without her knowledge, signed the name of a former band booster treasurer on these check images. He also signed her name on a false financial report that he provided to school officials. Additionally, as discussed previously, Seek provided a fraudulent invoice to a former band booster treasurer to obtain a reimbursement to which he was not entitled.

Exhibit 6

MEMPHIS, TN 38101

CMS BAND BOOSTERS

COLLIERVILLE TN 38017-2906

Actual online bank statement

PAPER ITEM CNT: 6

0101 10/31/16 E
EM PAGE 1


CHECKING ACCOUNT SUMMARY
LAST STATEMENT DATE 09/30/16
PREVIOUS BALANCE \$7,870.65
3 DEPOSITS TOTALING \$1,773.00
28 WITHDRAWALS TOTAL \$7,460.99
NEW BALANCE \$2,182.66

BALANCE OF
YOUR FUNDS
\$7,870.65
\$1,773.00
\$7,460.99
\$2,182.66

CHECKING ACCOUNT

DATE	AMOUNT	DESCRIPTION		
10/04	20.95	WITHDRAWAL -TNSOS Annual RPT		CH16-0040
		PURC034520 3684896236		
10/05	655.00	DEPOSIT		0595-5302
10/11	400.00	WITHDRAW CARDTRONIC 9100 10/09 1730 T		B100-1617
		1730 TROPICANA LAS VEGAS NV		
10/11	104.99	WITHDRAW 3801 LAS V 9160 10/09 3801 L		B100-1623
		3801 LAS VEGAS BLV LAS VEGAS NV		
10/11	502.99	WITHDRAW SPEEDEE MA 9040 10/11 3670 S		B101-1613
		3670 S. PARADISE R LAS VEGAS NV		
10/11	3.00	FOREIGN ATM WITHDRAWAL FEE		5501-6000
10/11	3.00	FOREIGN ATM WITHDRAWAL FEE		5501-6003
10/11	3.00	FOREIGN ATM BALANCE INQUIRY FEE		5501-6001
10/11	3.00	FOREIGN ATM BALANCE INQUIRY FEE		5501-5998
10/12	503.75	WITHDRAW 11011 W CH 9160 10/12 11011		B101-1615
		11011 W CHARLESTON LAS VEGAS NV 1		
10/12	3.00	FOREIGN ATM WITHDRAWAL FEE		5500-3777
10/13	506.99	WITHDRAW 3667 LAS V 9160 10/13 3667 L		B101-1613
		3667 LAS VEGAS BLV LAS VEGAS NV		
10/13	3.00	FOREIGN ATM WITHDRAWAL FEE		5500-3799
10/14	522.95	POS DB EVI*LUXOR 9160 10/13 EVI*LU		B101-1621
		EVI*LUXOR HOTEL LAS VEGAS NV		
10/24	506.00	WITHDRAW 1010 CASIN 9160 10/22 1010 C		B102-1616
		1010 CASINO CENTER ROBINSONVILLE MS		
10/24	522.95	POS DB EVI*GOLD S 9160 10/22 EVI*GO		B102-1618
		EVI*GOLD STRIKE ROBINSONVILLE MS		
10/24	3.00	FOREIGN ATM WITHDRAWAL FEE		5501-1329
10/31	206.00	WITHDRAW 1010 CASIN 9160 10/29 1010 C		B102-1613
		1010 CASINO CENTER ROBINSONVILLE MS		
10/31	206.00	WITHDRAW 1010 CASIN 9160 10/29 1010 C		B102-1614
		1010 CASINO CENTER ROBINSONVILLE MS		
10/31	106.00	WITHDRAW 1010 CASIN 9160 10/29 1010 C		B102-1615
		1010 CASINO CENTER ROBINSONVILLE MS		
10/31	66.00	WITHDRAW 1010 CASIN 9160 10/29 1010 C		B102-1616
		1010 CASINO CENTER ROBINSONVILLE MS		
10/31	1,115.00	DEPOSIT		0507-9953


Exhibit 7



FIRST TENNESSEE.
P. O. BOX 84
MEMPHIS, TN 38101

Return Service Requested

00001743 TFTSTRMT110216045028 07 000000000 003 P



CMS BAND BOOSTERS
COLLIERVILLE TN 38017-2906

Fraudulent bank statement created by Jason Seek

BIZESSENTIALS

CUSTOMER INFORMATION

ACCOUNT NUMBER [REDACTED]
STATEMENT DATE 10/31/16

CUSTOMER SERVICE INFORMATION


Customer Service: 1-800-382-5465
Visit Us Online: www.firsttennessee.com
Follow Us On Facebook!
Follow Us On Twitter!

ACCOUNT SUMMARY	DATE	BALANCE OF YOUR FUNDS
PREVIOUS BALANCE	09/30/16	\$7,870.65
3 DEPOSITS TOTALING		\$1,773.00
8 WITHDRAWALS TOTALING		\$7,460.99
NEW BALANCE	10/31/16	\$2,182.66

CHECKING ACCOUNT TRANSACTIONS FOR THE PERIOD FROM 10/01/16 THROUGH 10/31/16

ACCOUNT HISTORY			
DATE	AMOUNT	DESCRIPTION	CARD #
10/04	\$20.95	WITHDRAWAL -TNSOS Annual RPT PURC034520 3684896236	0000
10/05	\$655.00	DEPOSIT	0000
10/24	\$4,175.62	WITHDRAWAL JW PEPPER MUSIC PO Box 642, Exton, PA 19341	0000
10/31	\$1,115.00	DEPOSIT	0000
10/31	\$3.00	PAPER STATEMENT FEE	0000
10/31	\$3.00	REVERSE PAPER STATEMENT FEE	0000
10/31	\$7.50	SERVICE CHARGE	0000

CHECKS PAID SUMMARY								
DATE	CHECK #	AMOUNT	DATE	CHECK #	AMOUNT	DATE	CHECK #	AMOUNT
10/31	1792	\$395.00	10/06	1797	\$300.00	10/07	1799	\$35.42
10/06	1796 *	\$121.00	10/06	1798	\$115.00	10/04	1800	\$2,287.50



PAGE 1 OF 4

- **Former band director attempted to subvert investigative process**

On the day following his first meeting with Comptroller investigators, the former band director attempted to subvert the investigative process. He provided copies of false bank statements to bank officials with instructions for the officials to subsequently provide the documents to investigators. The former band director was unaware that investigators had already visited the bank and requested official statements.

Jason Seek admitted to investigators that he obtained band booster funds via the noted schemes and that he used these funds for personal expenses, including medical costs. Investigators noted that most of the cash withdrawals coincided with trips to various gambling establishments around the country. Although Seek stated that he does not gamble, player tracking information obtained from the Mississippi Gaming Commission indicated that he gambled frequently.

Seek also admitted that he created false bank statements and that he signed the name of a former treasurer on various documents without her knowledge.

After acknowledging to investigators that he used band booster funds for his personal benefit, Jason Seek resigned from his position at Collierville Schools on April 20, 2017.

Misappropriation by Scheme

Scheme	Amount
Manual Cash Withdrawals	\$ 89,476
Electronic Cash Withdrawals	25,854
Electronic Payments	12,230
Checks	2,873
Transfers	1,100
Debit Charges	881
Fees	650
Total	<u>\$133,064</u>

These matters were referred to the local district attorney general. On November 22, 2017, former band director Jason Seek was arrested on a charge of Theft of Property over \$60,000.

ADDITIONAL ISSUES

The School Support Organization Financial Accountability Act (Act), sets forth in Section 49-2-604(e), *Tennessee Code Annotated*, that a school support organization's officers shall ensure that funds are safeguarded and are spent only for purposes related to the goals and objectives of the organization. This section also requires the officers to adopt and maintain a written policy specifying reasonable procedures for accounting, controlling, and safeguarding school support organization money and other property. The Act further authorizes the Tennessee Comptroller of the Treasury to prepare a model financial policy for school support organizations. In June 2008, the Comptroller's Office published the "Model Financial Policy for School Support Organizations," which is intended to provide minimum controls to assist in improving accountability over school support organization funds.

The Collierville Middle School Band Boosters failed to comply with the Act and establish and implement adequate procedures for accounting, controlling, and safeguarding band booster funds. Beginning in the 2013 school year and continuing through a portion of the 2017 school year, the former band director assumed control over all financial duties and responsibilities of the organization. Our investigation revealed numerous deficiencies in band booster financial processes that contributed to the former band director's ability to perpetrate his misappropriation without prompt detection. We also noted deficiencies related to school financial processes. These financial process deficiencies included:

- ◆ Band booster officials failed to separate financial duties adequately or to provide increased oversight when appropriate. For most of the period investigated, the former band director received collections, issued and signed checks, prepared and delivered deposits to the bank, possessed the ATM/debit card, and was the only official who reviewed bank statements.
- ◆ Band booster officials did not require and retain adequate supporting documentation for disbursements and other withdrawals. In fact, former band director Seek, who had total control over disbursements during most of the period investigated, did not provide investigators with any financial records documenting disbursements.
- ◆ Band booster officials did not ensure that two authorized signatures were included on all checks. Investigators noted that for most of the checks issued during the period investigated, former band director Seek was the sole signature on checks. State law specifically prohibits the former band director, as a school representative, to be a signatory on the checks of a school support organization.
- ◆ Band booster officials did not adequately oversee, document, or account for all fundraising and other collection activities. In fact, former band director Seek, who had total control over recording and depositing collections during most of the period investigated, did not provide investigators with any financial records documenting collections.
- ◆ Band booster officials allowed the former band director to act as treasurer of the band booster account. The Act prohibits the former band director, as a school representative, to act as treasurer or bookkeeper for a school support organization.

- ◆ In his assumed role as the band booster treasurer, the former band director collected various band funds in his official capacity as band director. He deposited most of those collections in the band booster bank account, rather than turning them over for deposit in the school bank account. The school becomes accountable when money is initially received by employees, officials or volunteers acting in their official capacity.
- ◆ Fees charged to students to participate in band were deposited into the band booster account. The Act defines such fees as student activity funds which belong to the school and, therefore, should be deposited in the school bank account.
- ◆ School officials did not ensure that band instrument inventories were accurately and promptly recorded in the school district's accounting records.
- ◆ School officials did not adequately safeguard band instrument inventory against loss or theft. School personnel were unable to account for band instruments with a purchase cost of over \$46,000.

Band booster officials and school officials indicated that they have corrected or intend to correct the respective deficiencies. It should be noted that none of the current board members of the Collierville Middle School Band Boosters were officers during the investigative period.